

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07

L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 COME-00 EB-07 LAB-04 SIL-01 CIEP-01 /080 W

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R 071519Z JAN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7017

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

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E.O. 11652: N/A

TAGS: ELAB, UK, PINT

SUBJECT: WILSON FIRES ANOTHER SHOT OVER THE UNION BOW

1. BEGIN SUMMARY - A WEEK-END SPEECH BY PRIME MINISTER WILSON CENSURING AUTO WORKERS ON STRIKE AT BRITISH LEYLANDS BUT CLEARLY AIMED AT A MUCH LARGER WORKING POPULATION HAS RESULTED IN A SHARP OUTCRY FROM THE LEFT, SOME SUPPORT FROM THE RIGHT, AND A REQUEST -- COUCHED IN MODERATE TERMS -- FROM JACK JONES, GENERAL SECRETARY OF THE TRANSPORT AND GENERAL WORKERS UNION, FOR AN EARLY MEETING BETWEEN MR. WILSON AND TRADE UNION LEADERS ON THE IMPLICATIONS OF HIS SPEECH. THE SPEECH -- ANOTHER IN AN

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INTERMITTENT SERIES OF WARNINGS OVER THE TRADE UNION BOW

-- UNDOUBTEDLY REFLECTS THE CONTINUING, DEEPENING ANXIETY
WITHIN GOVERNMENT ABOUT THE FUTURE OF THE ECONOMY, WITH-
IN WHICH THE AUTO INDUSTRY PLAYS A MOST CRUCIAL ROLE.
END SUMMARY

2. WHAT HAD TRIGGERED WILSON'S SPEECH (BEING POUCHED),
WHICH HE MADE ON FRIDAY NIGHT, JANUARY 3, WAS A STRIKE
BY 250 ENGINE-TUNERS AT THE COWLEY PLANT OF BRITISH
LEYLAND WHICH FORCED THE LAY-OFF TODAY (JANUARY 6) OF
ABOUT 12,000 OTHER WORKERS AT THE PLANT. WILSON HAD
CALLED FOR A 'FAIR DAY'S WORK FOR A FAIR DAY'S PAY.'
HE CHARGED THAT THE AUTO INDUSTRY'S UNACCEPTABLE FAIL-
URE TO COMPETE AGAINST FOREIGN MANUFACTURERS HAD BEEN
LARGELY DUE TO THE BREAKDOWN IN PRODUCTION CONTINUITY
RESULTING FROM STRIKES. HIS STATISTICS WERE GRIM: 350,
000 MAN-DAYS LOST LAST YEAR -- 20 PERCENT OF THE TOTAL
IN THE AUTO INDUSTRY AND ONE-EIGHTH OF ALL MAN-DAYS LOST
IN BRITISH INDUSTRY -- DUE TO STRIKES IN THE AUSTIN-
MORRIS SECTOR OF BRITISH LEYLAND ALONE.

3. THE PRIME MINISTER WARNED THAT 'WITH PUBLIC CAPITAL
AND AN APPROPRIATE DEGREE OF PUBLIC CONTROL INVOLVED,
THE GOVERNMENT COULD NOT JUSTIFY TO PARLIAMENT OR TO THE
TAXPAYER THE SUBSIDIZING OF LARGE FACTORIES INVOLVING
THOUSANDS OF JOBS WHICH COULD PAY THEIR WAY BUT ARE FAIL-
ING TO DO SO BECAUSE OF MANIFESTABLY AVOIDABLE SHORTAGES
OF PRODUCTION.' MR. WILSON MADE IT CLEAR HE WAS CONCERN-
ED NOT ONLY ABOUT BRITISH LEYLAND BUT A WIDER SECTOR
OF INDUSTRY, WHERE GOVERNMENT AID WAS INVOLVED, WHEN HE
SAID: '(EMPLOYMENT) DEPENDS NOT ONLY ON GOVERNMENT FIN-
ANCE AND INTERVENTION, BUT ON A WIDER AND WHOLEHEARTED
PARTICIPATION OF ALL THOSE WHOSE FUTURE -- AND WHOSE
FAMILIES' FUTURE -- DEPENDS ON THE SUCCESS OF THE DECI-
SIONS THE GOVERNMENT HAVE TAKEN...' (BRITISH LEYLAND,
IT IS TO BE REMEMBERED, HAD BEEN FORCED TO APPLY FOR
STATE GOVERNMENT AID BEFORE CHRISTMAS.)

4. REACTION TO THE PRIME MINISTER'S SPEECH WAS QUICK AND
VARIED. ONE LEFT-WING LABOR MP, DENNIS SKINNER, CONTEM-
PTUOUSLY REJECTED WILSON'S CHARGES, DECLARING: 'HE SHOULD
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LOOK AROUND HIM AND SEE PRECISELY WHO ARE THE REAL WRECK-
ERS." THE COMMUNIST '2MORNING STAR,' IN ITS EDITORIAL
TODAY (JANUARY 6) STATED: 'HE (WILSON) EVEN SEES PUBLIC
OWNERSHIP IN TERMS OF PROPPING UP PRIVATE INDUSTRY, AND
IS NOT AVERSE TO USING IT TO BLACKMAIL WORKERS INTO
ACCEPTING WAGE RESTRAINT, AS HIS SPEECH HAS SHOWN., ON
THE OTHER HAND, SHADOW SECRETARY OF STATE FOR EMPLOYMENT,
JAMES PRIOR, URGED EVERY WORKER IN THE AUTO INDUSTRY TO

"LISTEN CAREFULLY.' TO WHAT WILSON HAS SAID.

5. BUT A MORE IMPORTANT AND MEASURED RESPONSE CAME FROM THE LEADER OF THE GIANT TRANSPORT WORKERS UNION, JACK JONES, MANY OF WHOSE MEMBERS ARE EMPLOYED BY THE AUTO INDUSTRY AND IN BRITISH LEYLAND FACTORIES. HE CALLED ON THE PRIME MINISTER TO MEET UNION LEADERS TO DISCUSS THE ISSUES RAISED BY HIS SPEECH ON FRIDAY. BUT JONES MADE IT CLEAR THAT HE WAS NOT ABOUT TO .FALL OUT PUBLICLY'

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WITH WILSON ON THE ISSUE. IN THESE TALKS, HE SAID, THERE SHOULD BE A THOROUGH EXAMINATION OF THE ORIGINS OF INDUSTRIAL RELATIONS UNREST IN THE AUTO INDUSTRY AND DETERMINE TO WHAT EXTENT T/H/S WAS DUE TO MANAGEMENT AND TO THE OLD INDUSTRIAL RELATIONS LEGISLATION UNDER THE CONSERVATIVES. MOREOVER, HE EMPHASIZED' WAGE STRUCTURES SHOULD BE EXAMINED, TOGETHER WITH WHAT MEASURES COULD BE TAKEN TO ENSURE MAXIMUM COOPERATION AND WORKER PARTICIPATION. HE CALLED FOR MUCH MORE USE BY WORKERS -- AS AN ALTERNATIVE TO THE STRIKE WEAPON -- OF THE NEW CONCILIATION AND ARBITRATION SERVICES SET UP BY THE LABOR GOVERNMENT LIMITED OFFICIAL USE

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MENT.

6. COMMENT: THE SINGLING OUT BY MR. WILSON OF THE AUTO INDUSTRY FOR SPECIAL MENTION WAS NO ACCIDENT, OF COURSE. APART FROM THE FACT THERE IS A STRIKE AT THE COWLEY PLANT -- WHICH IS DUE TO A DEMAND FOR RECLASSIFICATION BY THE ENGINE TUNERS -- THE AUTO INDUSTRY HAS BEEN CHARACTERIZED FOR SOME TIME AS AN INDUSTRY WHICH HAS BEEN SUBJECT TO CONTINUOUS UNREST. MOREOVER, THE AUTO INDUSTRY PLAYS A CENTRAL POSITION IN THE ECONOMY, IS VERY VITAL TO THE UK'S EXPORT DRIVE, AND -- LIKE OUR OWN AUTO INDUSTRY -- HAS BECOME ECONOMICALLY AND FINANCIALLY VULNERABLE.

7. THE PRIME MINISTER UNDOUBTEDLY WAS THINKING ABOUT THE ECONOMY AS A WHOLE. HE HAS STAKED HIS BASIC ECONOMIC POLICY ON THE CONCEPT OF THE SOCIAL CONTRACT, IN WHICH INDUSTRIAL RELATIONS STABILITY IS AN ESSENTIAL ELEMENT. AT THE SAME TIME, MR. WILSON APPEARS TO HAVE REJECTED A STATUTORY INCOMES POLICY -- AT LEAST FOR THE TIME BEING. HIS POLICY, THEREFORE, HAS BEEN TO PERSUADE, CAJOLE OR PREDICT DIRE ALTERNATIVES -- SUCH AS WITHDRAWAL OF GOVERNMENT AID TO COMPANIES IN TROUBLE AND LARGE-SCALE UNEMPLOYMENT. HOWEVER, IT IS NOT CLEAR WHETHER THIS SHOT ACROSS THE UNION BOW REPRESENTS SIMPLY ANOTHER WARNING IN A SERIES OF INTERMITTENT WARNINGS BY LEADING FIGURES IN THE GOVERNMENT OR PRESAGES SOME NEW AND SPECIFIC GOVERNMENTAL POLICY TO DEAL WITH THE PROBLEM AT HAND. IT WILL BE, OF COURSE, VERY INTERESTING TO OBSERVE THE OUTCOME OF WHATEVER MEETINGS ARE SET UP BETWEEN THE PRIME MINISTER AND THE TRADE UNION LEADERSHIP, BUT AS A SOURCE CLOSE TO MICHAEL FOOT TOLD US: "WE'VE BEEN HAVING MEETINGS ALL ALONG WITH THE UNIONS -- WITHOUT PUBLICITY -- AND I DON'T KNOW WHAT GOOD WILL COME OF PUBLIC DISCUSSIONS WITH WILSON."

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